

STRENGTHEN SOCIAL SECURITY

...don't cut it.

“Super Committee” Created to Develop Deficit-Reduction Plan Should Exempt Social Security from Cuts

Debt-ceiling legislation recently signed into law created a powerful joint committee of Congress known as the “Super Committee.” This bipartisan committee of 12 lawmakers is charged with proposing legislation that reduces federal deficits by at least \$1.5 trillion over the next ten years. The committee’s recommendations will receive an up-or-down vote without amendment in each chamber, and without being subject to the Senate filibuster.

Cuts to Social Security, which are a likely target of the Super Committee, should not be considered by the committee for the following reasons:

- Social Security does not contribute a penny to the federal deficit.
- Social Security already operates under its own spending cap as benefits will automatically be cut across-the-board, without any action by Congress, if Social Security ever does not have enough income to cover its costs.
- Social Security is a pension plan with its own dedicated revenue stream that demands it be considered totally separate from deficit discussions. Doing otherwise will likely intensify the public’s suspicions that Congress is raiding Social Security.
- Social Security’s long-range funding shortfall, modest in size and still decades away, should be dealt with separately from the Super Committee’s crisis-oriented deficit-reduction negotiations, and after Congress has completed its deficit-reduction work.
- Agreeing on a long-term funding solution for Social Security is very challenging, but it is not urgent and should not be done in haste.
- Many politicians have promised that they would not cut the benefits of anyone who currently receives benefits or the benefits of persons who are nearing retirement age. Other than increasing the program’s revenues, breaking that promise is the only way to produce savings within the 10-year period of time that the Super Committee is focused on.
- Cutting Social Security will not reduce the public debt.
- Voters are strongly opposed to cutting Social Security, especially for deficit reduction. Politicians do so at their peril.
- Maintaining Social Security’s modest benefit levels, or, better yet, increasing them, is the right policy, especially in light of the sharp decline of traditional pensions in the private sector and the loss of individual savings as the result of the Great Recession.

Below is a more detailed explanation why Social Security should not be cut by the Super Committee:

- **Social Security does not contribute a penny to the federal deficit.** Social Security has no borrowing authority, and it cannot deficit-spend. It has a surplus of \$2.7 trillion in 2011 that will grow to \$3.7 trillion by 2022. Social Security can pay all benefits in full through 2035 and more than three-quarters of benefits for the next 75 years.
- **Social Security operates under its own spending cap.** It can only pay out as much in benefits and administrative costs as it has in income. If it ever had insufficient income to cover its costs, benefits would automatically be cut, without any action by Congress.
- **Social Security is a pension plan with its own dedicated revenue stream that demands it be considered totally separate from deficit discussions.** As with private sector pension plans, the law requires that Social Security's income and assets be held in trust, separate from the plan sponsor's (in the case of Social Security, the federal government's) general operating fund. Workers see in every paycheck that they are contributing to Social Security. They have a unique relationship to it – they feel on a very personal level that Social Security belongs to them, not to politicians in Washington. And they are right. To fold Social Security into an omnibus deficit package would add to the commonly held perception that the program is being raided by Congress for unauthorized purposes. If a private company treated its private pension in that way, it would be sued in a court of law.
- **Social Security's long-range funding shortfall, modest in size and still decades away, should be dealt with separately from the Super Committee's crisis-oriented deficit-reduction negotiations, and after Congress has completed its deficit-reduction work.** Social Security's funding gap begins 25 years from now, and it is relatively modest – the equivalent of the Bush tax cuts for the wealthiest 2 percent of Americans. If the cap on the payroll tax contributions paid by employees and employers were eliminated so that all wages above \$106,800 were taxed, the funding gap would be eliminated. If Congress chooses benefit cuts instead, they will need to be very deep and affect the broad middle-class.
- **Agreeing on a long-term funding solution for Social Security is very challenging, but it is not urgent and should not be done in haste.** Social Security has always been addressed in a responsible and timely manner by Congress. Addressing its projected shortfall a year or two from now will be timely, allow for careful discussion of a program that affects virtually every American, and ensure a better solution for those who most depend on the program.
- **Many politicians have promised that they would not cut the benefits of anyone who currently receives Social Security or the benefits of persons who are nearing retirement age. Other than increasing the program's revenues, breaking that promise is the only way to produce savings within the 10-year period that the Super Committee is focused on.** It is presumably to achieve such savings that cutting Social Security's COLA by adopting the chained CPI formula was on the table during the recent debt-ceiling negotiations. The chained CPI is an inaccurate and harmful measure for Social Security beneficiaries, as

explained in this [Economic Policy Institute](#) report and this [Strengthen Social Security Campaign fact sheet](#). The cuts that would result would be unfair and harmful to seniors and people with disabilities, who have much higher health care costs and who, for the most part, will have no way to replace the lost income. This promise to the American people by so many elected officials should not be broken.

- **Cutting Social Security will not reduce the public debt.** The ostensible reason for the debt-ceiling debate was to reduce or at least slow the public debt subject to statutory limit, which cutting Social Security does not do. Cutting \$100 billion from defense, agricultural supports, or some other program funded out of general revenue reduces the federal debt subject to limit by \$100 billion. In contrast, cutting Social Security by \$100 billion leaves the federal debt totally unchanged. This may be counterintuitive for those who see Social Security as just another spending program, but it is the fact.
- **Voters are strongly opposed to cutting Social Security, especially for deficit reduction. Politicians do so at their peril.** Social Security is a core American value – its support runs very deep and very wide across all demographic groups and all political parties. Numerous polls have shown that strong majorities of the public are opposed to cutting Social Security benefits to reduce the deficit. A lot of public concern about the deficit is because they fear it will jeopardize their Social Security benefits. The public views proposals to cut the program as a raid on Social Security. The public feels that Social Security should not be treated as a piggybank, to be used to reduce the deficit or to fund continued tax breaks or new spending. Polling data also shows that politicians who vote to cut Social Security are likely to face punishment from voters. (See memos from polling firms [Lake Research Partners](#) and [Democracy Corps/Greenberg Quinlan Rosner Research](#).)
- **Maintaining Social Security’s modest benefit levels or increasing them is the right policy.** At a time when traditional private pensions are disappearing, 401(k) plans are proving inadequate, and middle-class Americans have lost home equity and other wealth, Social Security’s modest benefits, averaging just \$13,000 a year, are more important than ever. No one is getting rich off of Social Security, but cutting its benefits will push millions into poverty.